

EXHIBIT 1

INTRODUCTION

Respondent Signature Properties, Inc. (“Signature Properties”) is a California corporation, headquartered in Pleasanton, engaged in the business of building homes.

On February 26, 2002, Respondent Signature Properties qualified as a major donor committee under the Political Reform Act (the “Act”),¹ and thereby became obligated to file campaign statements and reports as required by the Act. In particular, Respondent was required to file late contribution reports disclosing any late contributions that it made within 24 hours of making them.

In this case, Respondent Signature Properties made a late contribution before the March 2002 primary election, and failed to disclose that contribution in a timely filed late contribution report, in violation of the Act.

For the purposes of this Stipulation, Respondent’s violation is stated as follows:

Respondent Signature Properties, Inc. failed to disclose a \$10,000 late contribution to “The Lockyer Committee” in a properly filed late contribution report, by the February 27, 2002 due date, in violation of Section 84203, subdivision (a) of the Government Code.

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in Section 81002, subdivision (a), is to ensure that contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters may be better informed, and improper practices may be inhibited. To that end, the Act sets forth a comprehensive campaign reporting system designed to accomplish this purpose of disclosure.

Section 82013, subdivision (c) includes within the definition of “committee” any person or combination of persons who directly or indirectly makes contributions totaling ten thousand dollars (\$10,000) or more in a calendar year to or at the behest of, candidates or committees. This type of committee is commonly referred to as a “major donor” committee.

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code unless otherwise indicated. The regulations of the Fair Political Practices Commission appear at California Code of Regulations, Title 2, sections 18109-18996. All regulatory references are to Title 2 of the California Code of Regulations.

Under Section 84203, subdivision (a), when a major donor committee makes a late contribution, the committee must disclose the contribution in a late contribution report that must be filed within 24 hours of making the contribution. Section 82036 defines a “late contribution” as a contribution aggregating \$1,000 or more that is made before an election, but after the closing date of the last pre-election campaign statement that is required to be filed. For an election not held in June or November of an even-numbered year, Section 84200.8, subdivision (b) dictates that the late contribution period covers the last 16 days before the election.

SUMMARY OF THE FACTS

Respondent Signature Properties is a California corporation, headquartered in Pleasanton, engaged in the business of building homes. By February 26, 2002, Respondent had made over \$10,000 in political contributions for the calendar year, and thereby qualified under Section 82013, subdivision (c) of the Act as a major donor committee.

On February 26, 2002, seven days prior to the March 5, 2002 primary election, Respondent Signature Properties made a late contribution of \$10,000 to “The Lockyer Committee,” a controlled committee of Bill Lockyer, an incumbent candidate for California Attorney General. This was a late contribution, as it was made during the late contribution period prior to the March 5, 2002 primary election, which ran from February 17, 2002 through March 4, 2002. Respondent therefore had a duty to file a late contribution report on or before February 27, 2002, disclosing the contribution, but it failed to do so.

By failing to file a late contribution report disclosing a \$10,000 late contribution, as set forth above, Respondent committed a violation of Section 84203, subdivision (a).

ADDITIONAL INFORMATION

On May 10, 2002, the Commission entered a default Decision and Order against Respondent Signature Properties, and imposed a \$14,000 administrative penalty for failure to timely file two major donor campaign statements, in violation of section 84200, subdivision (b); failure to file a late contribution report, in violation of section 84203, subdivision (b); and failure to timely file a major donor statement electronically, in violation of section 84605, subdivision (a).² These violations occurred between January 1, 2000 and December 31, 2000, and the Commission imposed the penalty after the violation in this case occurred. Respondent paid its previously imposed penalty in full, and in an effort to avoid similar violations in the future, Respondent has retained professional services to assist it with future campaign reporting.

² FPPC Case Number 01/386.

CONCLUSION

This matter consists of one count, which carries a maximum possible administrative penalty of Five Thousand Dollars (\$5,000). However, under the Commission's Streamlined Late Contribution Enforcement Program, through which most violations of this kind are resolved, the approved administrative penalty would be 15 percent of the amount of the undisclosed late contribution, which in this case is \$1,500.

As Respondent has already been the subject of an enforcement action for a late contribution reporting violation, this case was excluded from the Streamlined Late Contribution Enforcement Program, as provided under the rules of that program. As such, Enforcement Division staff considered the facts in this matter, without regard for the Streamlined Program's limitations. Specifically, Enforcement Division staff considered that this violation appears to be the result of negligence rather than an intent to hide information, that Respondent was penalized for its previous violations after it committed the violation in this case, and that Respondent has retained professional services to assist it with future campaign reporting. Based on these factors, Enforcement Division staff concluded that an administrative penalty consistent with that imposed under the Streamlined Late Contribution Enforcement Program is appropriate.

Therefore, the circumstances of this case justify imposition of the agreed upon penalty of One Thousand Five Hundred Dollars (\$1,500).